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The following report represents the reaction of Italian Ministers to the visit to Rome on 20 May 1951 by William J. Herod, Co-ordinator of the NATO Defense Production:

## Pietro Campilli, former Minister of Transport

1. Campilli expressed the opinion to a friend at the beginning of June 1951 that William J. Herod, Co-ordinator of NATO Defense Production, was an extremely capable and competent American industrialist, who had not shown his hand in his numerous discussions in Italy. He has asked many things to be explained to him, about which he seemed noticeably well informed; he had exhorted the Italians to act and had pointed out the necessity of harnessing industry to cooperate. It could not, however, be said that the Italians had ascertained their exact commitments with regard to Western rearmament nor the method of cooperation desired. When one believed he was giving a specific directive, and asked him to confirm it, he replied that his job was only to observe, appreciate the situation and to give general advice.
2. He had encouraged the Italians to act and to produce: once they had taken their decisions, he would coordinate them with general requirements and the production of other countries. He gave advice on the potentialities of Italian industry, but underlined the fact that it was up to them to make the plans. He agreed that the problem of raw materials was a difficult one, and stated that if Italy contributed a competent plan, he would support them in NATO. In short, he urged them not only to plan, but also to act and to act quickly.
3. Campilli agreed that Herod's visit had been useful as a general overall line of direction, which would indicate to the Italians what steps to take on production and technical affairs so as to keep themselves in line with other countries.

## Achille Marazza, former Minister of Labor

4. Marazza stated on 26 May 1951 that Herod was much easier to talk to than had been Mr. Spofford, the Chairman of the NATO Deputies. He has got on

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particularly well with Giuseppe Pella, former Minister of the Treasury, who had been confident that he understood that Italy could not spend more than the 250 billion lire already allocated for rearmament without receiving considerable United States aid. He had been very understanding about the dangers of inflation, and promised to mention Pella's qualms in the "right quarters".

5. Marazza confirmed that Herod had refused to commit himself to detail. He had stated that he would give his estimate of the capacity of Italian industry for NATO production as between 400 and 500 million dollars per annum. He would try to accelerate the placing of orders for Italian industry within the framework of the Atlantic Pact Production Board for self-propelling vehicles, light artillery and naval requirements. Marazza added here that the Italians desired orders to be placed through an Italian Government agency and not directly with private industrialists.
6. Lastly, he admitted that Herod had continued to give the American warning that all must make sacrifices but "at least he had not been unpleasant about it."

Ugo La Malfa, Minister of Foreign Commerce

7. La Malfa confirmed on 2 June 1951 that the Cabinet was, with a very few exceptions, agreed on the formation of a Government agency to handle the distribution of NATO orders to the various branches of Italian industry. Pella had strongly supported this policy and explained to Alcide De Gasperi, the Italian Prime Minister, that it was very much in keeping with the financial policy of the Treasury. Without doubt, State-owned and State-subsidized establishments should have first priority.
8. La Malfa added that he had acted as spokesman for the Ministerial Committee, negotiating with Herod and Leon M. Dayton, the head of the ECA Mission to Italy. Herod had given no indication of his opinion in this matter. Dayton had objected that he thought the system cumbersome, slow, and not always to the advantage of those placing the orders. He quoted the example of Germany, where, he said, the Americans and the British dealt directly with the industrialists concerned. La Malfa replied that there were numerous reasons why this system could not apply to the specific situation in Italy.
9. La Malfa added that the Italian industrialists had seen De Gasperi several times, protesting against the Government's policy, and that they quite recently had had a long battle with Pella in Genoa. "But," he added, "the Government will remain adamant on this point. If the Italian industrialists had the same social conscience as even the Germans, or at least the same type of wisdom, things would be different."

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